
Water Framework Directive
Cost Effectiveness Analysis
Preliminary Results

Findings and Implications

12 July 2007

pCEA's 8 Objectives

- What needs to be done and when?
- How much will it all cost? More or less than £500 m/yr?
- Can it be afforded? Where does it hit hardest?
- Which sectors should be doing what?
- What happens if we take longer to meet objectives?
- What can be achieved by new measures/national mechanisms?
- How do we deal with uncertainty?
- How do we streamline analysis – what can we rule in and out at this stage?

Preview of findings 1

Much to be done!

This is now much clearer than previously and we have a much better understanding of what other policies will deliver for the WFD

Preview of findings 2

Its “potentially” more
expensive than previously
thought

Though this comes with
increased scope for
alternative objectives

Preview of findings 3

Affordability needs more work

Generally only qualitatively addressed so far – needs more work but given the scale of costs to business and government – it will need to be handled if we are to avoid negative distributional consequences.

Preview of findings 4

Much better information on apportionment with some surprises

Improved information on apportionment and ability to say which sectors can most cost-effectively contribute to pressure reduction – point sources/water industry is still dominant issue (WR & Nutrients)

Preview of findings 5

Phasing reduces costs significantly

For a variety of reasons, pointing to the need to understand the benefits so we can select the appropriate “proportionate approach to phasing”

Preview of findings 7

Need an adaptive approach

Uncertainty is endemic, but
not evenly spread, some
actions more uncertain than
others.

Preview of findings 8

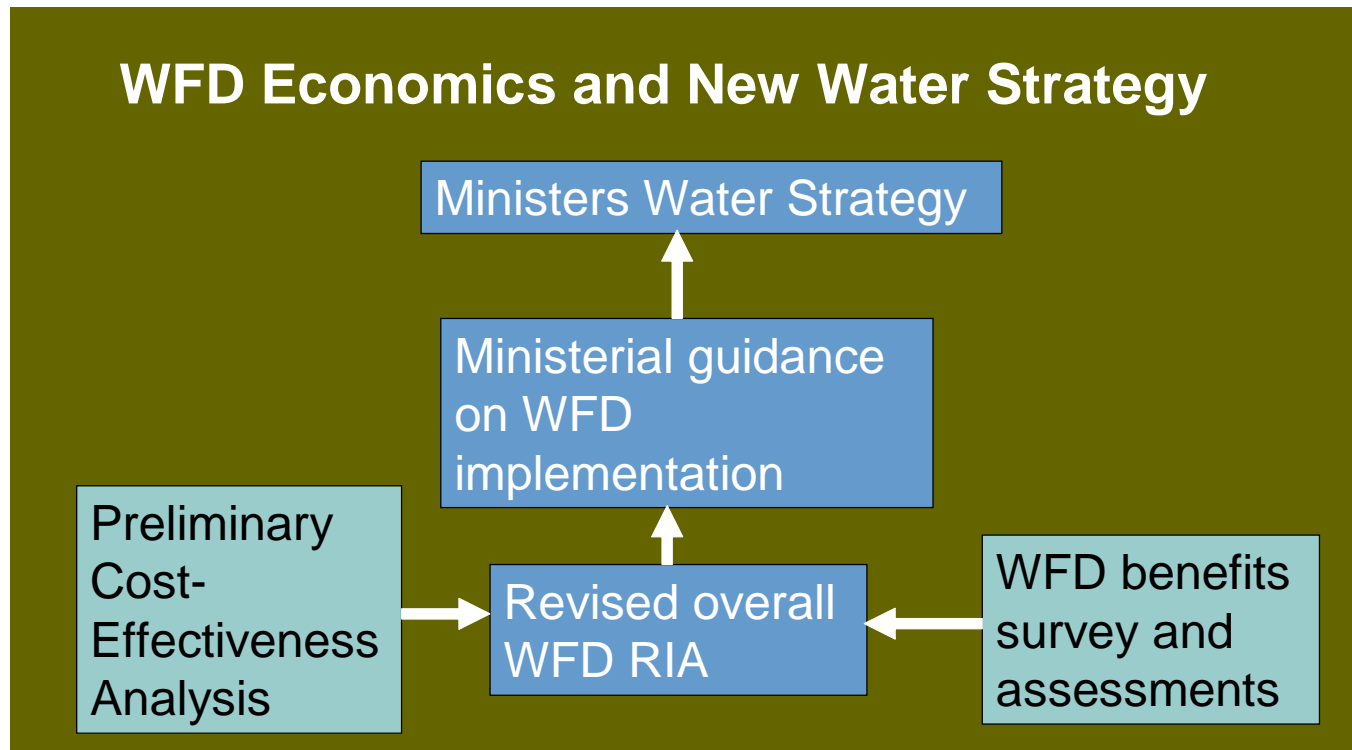
Still need to streamline

Substantial need for
streamlining and emerging
possibilities of ruling certain
actions in and out

Forward look – Ministerial Statement

- Joint drafting group over July and August...
- Statement of Government policy regarding the scope, nature and phasing of action for WFD
- Take account of existing guidance documents
- Revised overall impact assessment presents the evidence for alternative options for guidance to the EA
- Minister asked which Guidance would prefer given likely consequences

Relationships with other activities



Key focus issues

1. Affordability – How strong are the concerns about affordability, are the consequences of the lack of affordability disproportionate?
2. PPP versus cost-effectiveness – How strictly should the polluter pays principle be interpreted given the cost-effectiveness results?
3. Phasing – How far should we push a phased approach given the likely benefits and the inherent infraction risk if EC is minded to question objectives and given what other MS will propose?
4. Simplification – on the basis of the evidence can we rule certain measures in or out of further consideration?
5. Uncertainty – How can EA best run a planning process given what we know and don't know?